

**Agency: Commerce, Community and Economic Development****Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Copper Valley Electric Association****Federal Tax ID: 92-0023631****Project Title:**

# Copper Valley Electric Association - Intertie Construction Cost Recovery

**State Funding Requested: \$ 1,500,000****House District: 12 - F**

One-Time Need

**Brief Project Description:**

Cost recovery for expenditures related to the failed effort to construct the Copper Valley Intertie from Glennallen to Sutton

**Funding Plan:****Total Cost of Project: \$1,500,000**Funding Secured

Amount FY

Other Pending Requests

Amount FY

Anticipated Future Need

Amount FY

There is no other funding needed

**Detailed Project Description and Justification:**

This funding will provide reimbursement for costs incurred to determine the feasibility of the Copper Valley Intertie as required by 1993 legislation. That legislation appropriated \$35 million for a zero interest loan over 50 years to partially finance an intertie that would connect CVEA to the Rail Belt grid system. Between 1992 through 1996 CVEA completed studies required by the legislation and worked in good faith with the State of Alaska to advance the project. At the time the legislation was passed in 1993, funds to study the project were removed from the state budget with the explanation that intertie loan fund proceeds would be available to reimburse CVEA for study costs.

In 1996, the state administration indicated their lack of support for the project and CVEA ceased efforts to move the project toward development. However, more than \$1.5 million had been spent by CVEA in studies and pre-construction costs. The intertie loan application was lapsed and CVEA was not provided any reimbursement for costs.

Some of the costs incurred were as follows:

Dept. of Community & Regional Affairs required study - \$472,000

Engineering Studies - \$202,000

Project Development Costs - \$259,000

Legal Expenses - \$54,000

Misc. Costs - \$10,000

These costs were incurred at the expense of CVEA and its rate payers on behalf of the State of Alaska.

**Project Timeline:**

2008

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

Copper Valley Electric Association

**Grant Recipient Contact Information:**

Contact Name: Robert Wilkinson

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Address: PO Box 927

Valdez, AK 99686-0927

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Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No

COPPER VALLEY ELECTRIC  
Sutton/Glennallen Intertie costs

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COSTS INCURRED 1992-1997

DCRA STUDY	471,633	SCHEDULE 1
LEGAL & PLANNING CONSULTANTS	447,528	
CVEA DIRECT LABOR/BENEFITS	379,345	
ENGINEERING CONSULTANTS	174,572	
OTHER DIRECT COSTS	49,669	
ERA AVIATION	17,482	
TOTAL COSTS	<u>1,540,229</u>	

COPPER VALLEY ELECTRIC ASSOCIATION INC  
SUTTON/GLENNALLEN LINE COSTS  
FILENAME:\SGL\FEAS94

6-Apr-08

**SCHEDULE 1**

DEPT OF COMMUNITY & REGIONAL AFFAIRS STUDY  
Required by 1993 Legislation

COSTS  
TO DATE

MEMORANDUM OF AGREEMENT

R.W. BECK STUDY COSTS	
SUPPORT OF SYSTEM STUDIES	2,050
ROUTE SELECTION	38,821
DESIGN, COST ESTIMATE & SCHEDULE	77,899
SUPPORT OF ENVIRONMENTAL REVIEW	10,992
LOAD FORECAST	30,849
ECONOMIC ANALYSIS	43,924
PUBLIC COMMENT	22,966
REPORT	50,437
PROJECT MANAGEMENT	30,865
DAMES/MOORE - ENVIRONMENTAL REVIEW	87,619
BILLING ADJUSTMENT	(7,307)
PTI - SYSTEM STUDIES	34,042
TOTAL R.W.BECK STUDY COSTS	<u>423,158</u>
OTHER / AEA COSTS	
PLAN OF FINANCE	24,511
INDEPENDENT COST ESTIMATE	0
AEA ADMINISTRATION	23,965
TOTAL OTHER / AEA COSTS	<u>48,476</u>
TOTAL MOA COSTS	<u><u>471,633</u></u>